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## Poland

## Product Brief

## Grapefruit

## 2002

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### Report Highlights:

The average Pole consumes almost 7 kg of citrus fruit per year; an increase in consumption of grapefruit and oranges is expected in the near future. U.S. sales of grapefruit to Poland are making a dramatic comeback after significant decreases in the year 2000. Prior to 2000, U.S. exports had been increasing steadily over a span of several years. Exports in 2001 showed a 60% recovery, increasing from 4,237 MT to 7,164 MT. Further increases are expected as a result of the September 2002 import duty reduction from 15% down to 5% applied to U.S. grapefruit.

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Section I. Market Overview .....	Page 2 of 5
Section II. Market Sector Opportunities and Threats .....	Page 2 of 5
1) Entry Strategy .....	Page 2 of 5
2) Market Size, Structure, Trends .....	Page 3 of 5
Figure I. Poland - Import of Grapefruit (Metric Tons) .....	Page 3 of 5
3) Company Profiles .....	Page 4 of 5
Section III. Costs & Prices .....	Page 4 of 5
Section IV. Market Access .....	Page 4 of 5
Section V. Key Contacts and Further Information .....	Page 5 of 5

## Section I. Market Overview

Poland, with a population of nearly 38.5 million people, is the largest market in Central Europe. The country has been successful at attracting foreign investors in the food processing industry as the wholesale and retail sectors continue to grow. The Hypermarkets and Supermarkets are a prime example of this fast changing industry. The number of Hypermarkets is expected to double or even triple over the next several years. With this growth, strong markets for foods, like grapefruit, that were not always accessible before the transformation period, (1990's) have now emerged.

The groundwork for grapefruit sales to Poland can be traced to the food deficits of the 1980's. During that time, shortages of food and most other goods were common. As a result, grapefruit was often given as a present for Christmas and other holidays. Grapefruit was considered exotic and healthy. The first grapefruits marketed here were white (white marsh seedless), however pink (ruby red, flames) and red (star ruby) varieties soon became the grapefruit of choice. Today, grapefruit is consumed primarily as a breakfast item or salad ingredient. As Polish consumers become more affluent and health orientated, the future value of grapefruit sales should appreciate.

Advantages	Disadvantages
U.S. exports increased 60% from 2000 to 2001	Polish consumers misjudge Turkish and Israeli grapefruits as higher quality due to outward appearance when comparing to U.S. products
Tariff charges were reduced from 15% to 5% in September 2002, making them equal to Turkey and Israeli duties.	European Union members will still have an advantage at a 0% duty rate.
Retail space for grapefruit is growing with supermarket and hypermarket expansion	Polish consumers prefer the least expensive grapefruit available, which often favors Turkish or Israeli products and hinders U.S. exports

## Section II. Market Sector Opportunities and Threats

### 1) Entry Strategy

Contacting the right importer will help a business enter the Polish grapefruit market. Most supermarkets, hyper markets and speciality shops buy a majority of their fresh produce through wholesalers, set up through large importers which have their own distribution channels and marketing contacts. Exporters of U.S. grapefruit may obtain a list of current importers by contacting the Office of Agricultural Affairs of the U.S. Embassy in Warsaw (see Section V).

### 2) Market Size, Structure, Trends

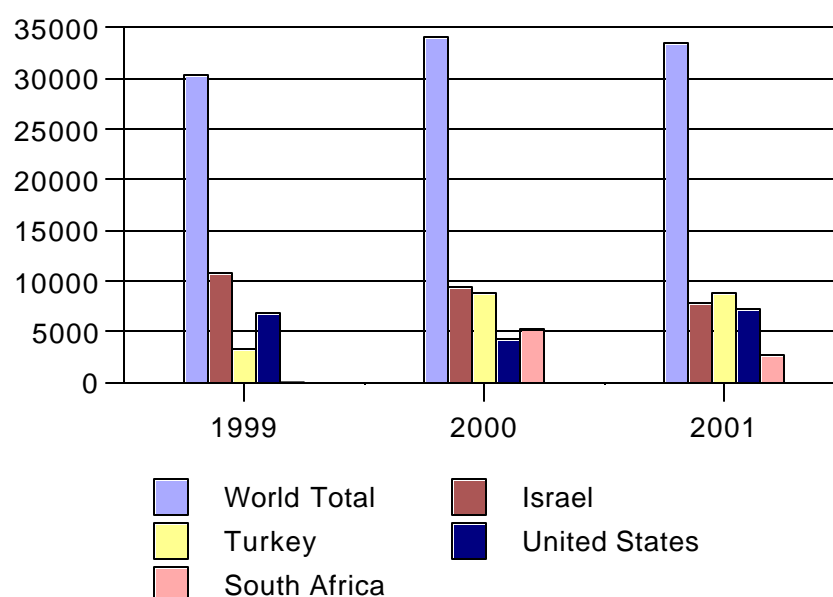
The primary consumers of grapefruit thus far have been married women ages 30-50 years old.

It has been noted that older consumers (55-65 years old), buy smaller amounts of fruit, but on a more regular basis.

With the average Polish customer consuming 15 kg/per capita of apples versus only about 7 kg/per capita of citrus fruits, an increase in consumption, especially that of grapefruit and oranges, is expected in the near future, according to unofficial sources.

U.S. sales of grapefruit in Poland are making a dramatic comeback after significant decreases in the year 2000. Prior to 2000, U.S. exports had been increasing steadily over a span of several years. Calendar year 2001 exports showed a 60% recovery, increasing from 4,237MT to 7,164MT.

**Figure I. Poland - Import of Grapefruit (Metric Tons)**



Grapefruit, fresh or dried, 080540						
	1999		2000		2001	
Country	Qty. in Metric Tons	USD \$1000	Qty. in Metric Tons	USD \$1000	Qty. in Metric Tons	USD \$1000
Israel	10852	5633	9403	4323	7806	4449
South Africa	0	0	5215	1461	2757	1285
Turkey	3380	1035	8788	2988	8769	3328
United States	6856	2331	4237	1440	7164	2873

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rce: Polish Main Statistical Office

It is important to note that Poland is an important transshipment point of grapefruit. According to some Polish importers, large shipments, constituting as much as 10% of the volume of imports of U.S. grapefruits, are purchased from intermediaries in Europe (mostly through the Netherlands) and may not be listed as a final destination point on U.S. export documentation, thus not appearing on U.S. statistics.

From 1996-2000, the Florida Department of Citrus was very active in the Polish market and marketed its product during the winter months to take advantage of the seasonal market. Using a variety of different promotional techniques (in-store promotions, production of Polish language leaflets, etc.), the FDOC helped stimulate an increase of grapefruit exports to Poland over the past few years.

### 3) Company Profiles

In the early 90's several large importing firms existed on the Polish market. In addition to these market leaders, there were an additional 20-30 smaller, local importers/distributors of grapefruit. This market organization was maintained until the year 2000. During 2000, huge market changes occurred in the area of fresh fruit and vegetable distribution. This change occurred due to the worsening economic situation in Poland at that time. In addition, some of the larger super and hypermarket chains operating in Poland organized their own import/distribution departments. Currently, there are 5-6 large importers of fruits and vegetables on the Polish market.

## Section III. Costs & Prices

Currently, the Polish market is very much price driven. Super and hypermarkets dominating in the fruit trade are forcing Polish importers to concentrate only on the cheapest products, while at the same time requiring high quality. This trend is also evident in the retail sector, where Turkish grapefruit (1.99-2.49 zls/kg) dominates, followed by Israeli (3.49-3.99 zls/kg), and the U.S. (3.49 zls/kg) products. (Exchange rate: \$1.00 = 4.00 zlotys)

As a result of a June 2001 agreement between Poland and the United States, the import duty assessed on U.S. grapefruit dropped from 15% to 5% on September 6, 2002. This duty reduction is expected to encourage higher exports of grapefruit from the U.S. to Poland. Prior to the tariff reduction, strong price competition from countries utilizing preferential customs duty terms - European Union at 0% and Israel and Turkey at 5%, hampered U.S. exports to Poland.

Polish imports of U.S. grapefruits could further increase once Poland becomes an EU member. The lower EU external tariff of 2.4% applied to U.S. grapefruit will be adopted upon Poland's probable EU accession in 2004.

## Section IV. Market Access

**Shipments of fresh fruits require a phytosanitary certificate. Any shipment containing prohibited organisms (fungi, viruses, bacteria, insects, mites, weeds) will be prohibited from entering Poland.**

A list of prohibited organisms is available from the Main Inspectorate of Plant Protection and available on the Inspectorate web page: <http://www.pior.gov.pl>

Polish phytosanitary regulations are based on a law dated July 12, 1995 whose whole text with relevant updates was published in Dziennik Ustaw in 1999 no. 66 pos. 751. Regulations currently in place (Dziennik Ustaw dtd. February 16, 2001 no. 22 pos. 248) specify: 1. harmful organisms subject to compulsory control; 2. lists of plants, plant products and objects which are forbidden entry to Poland; 3. Other specific phytosanitary requirements and 4. List of plants, plant products and objects for which a phytosanitary certificate is required. The U.S. grapefruit duty reduction from 15% down to 5%, occurred September 6, 2002 under Dziennik Ustaw number 143.

## **Section V. Key Contacts and Further Information**

For more information concerning market entry and a current importer list contact:

-Embassy of the United States of America

Office of Agricultural Affairs, Warsaw, Poland

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